

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT

RICHMOND, VIRGINIA

JANUARY 31, 1928

STATISTICAL RECORD	1927	1926
Debits to Individual Accounts (23 Cities).....	\$16,392,202,000	\$16,429,388,000
Number of Commercial Failures, 5th District.....	1,611	1,441
Liabilities Involved in Failures.....	\$ 41,835,046	\$ 28,741,221
Cotton Consumption, 5th District Mills (Bales).....	3,129,483	2,768,596
Cotton Grown in Fifth District (Bales).....	1,624,000	2,272,000
Tobacco Grown in Fifth District (Pounds).....	706,036,000	614,812,000
Building Permits for New Work, 29 Cities.....	19,256	21,763
Value of Permits for New Work, 29 Cities.....	\$ 113,813,707	\$ 170,436,136
Value of Contracts Awarded, Fifth District.....	\$ 409,160,000	\$ 416,801,400
Total Sales, 30 Department Stores, 5th District.....	\$ 104,623,753	\$ 106,509,127
Total Sales, 83 Wholesalers in 6 Lines.....	\$ 84,998,657	\$ 86,692,171
Bituminous Coal Production, U. S. (Tons).....	519,804,000	578,290,000

Business in the Fifth Federal reserve district in December 1927 was probably better than most observers had anticipated, due chiefly to unusually favorable weather and to the increased purchasing power of farmers this year in comparison with the fall and winter of 1926. Retail trade as reflected in department store sales last month was a small fraction of 1 per cent below the volume of business done in December a year ago, but exceeded November's business by more than the usual amount and was also above average December trade during the three years 1923-1925, inclusive. Debits to individual, firm and corporation accounts in twenty-three leading cities during the five weeks ended January 11, 1928, exceeded debits during the preceding like period, ended December 7, 1927, and were less than 1 per cent below the record amount reported for the five weeks ended January 12, 1927. Loans and discounts of sixty-six regularly reporting member banks increased between December 7, 1927, and January 11, 1928, and the volume of rediscounts held by the Federal Reserve Bank of Richmond also increased between the middle of December and the middle of January. On January 15, 1928, rediscounts held by the Richmond reserve bank exceeded those of January 15, 1927, but the circulation of Federal reserve notes was smaller on the later date. Bank deposits at the close of 1927 were materially higher than a year earlier, due to a marked increase in savings and time deposits. Business failures in December in both the United States and the Fifth district were more numerous and liabilities were higher than in December 1926. The labor situation did not improve during December, but on the other hand it did not grow materially worse. The value of building permits issued in December for new work was smaller than for any other month of the year and was also considerably below the value of permits issued in December 1926. Coal produc-

tion in December was slightly above the production of November, but was lower than in the preceding December. West Virginia dropped from first to second place in coal production last month. Textile mills found buyers more reluctant in placing forward orders than during the earlier months of the fall, and many mills began the new year on restricted schedules to prevent the accumulation of goods in their warehouses. Cotton consumption in the Fifth district and in the United States in December was less than in December 1926. The number of bales of cotton exported in December was only about half the number shipped abroad in December of the preceding year. Tobacco marketing was very active in December and early January, and Fire-cured and Sun-cured types brought better prices than a year ago, but Flue-cured prices this year are below those of last year.

An examination of the statistical record of 1927 and 1926 at the top of this page shows that the volume of business transacted during 1927 was moderately below the high level reached in 1926, but at the beginning of 1928 the outlook for the coming year is probably as good if not better than it was a year ago. The total value of agricultural products raised in the Fifth district in 1927 was considerably larger than the value of the 1926 crops, in spite of reduced yields in cotton, fruit, and some minor money crops. The 1927 crops were also grown more economically than those of the preceding year, thereby returning larger net profits to the growers. Plans have been made for much new construction work in 1928, and if these plans mature the present unemployment situation will be quickly relieved. In the textile industry it now appears that the outlook is better than it was at this time last year. The banks of the district are in position to care for all legitimate credit needs that seem likely to develop.

CONDITION OF SIXTY-SIX REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	Jan. 11, 1928	Dec. 7, 1927	Jan. 12, 1927
Total Loans and Discounts (including re-discounts)	\$ 527,253,000	\$ 524,636,000	\$ 519,291,000
Total Investments in Bonds and Securities..	174,963,000	168,675,000	132,834,000
Reserve Balance with Federal Reserve Bank	44,921,000	44,330,000	41,373,000
Cash in Vaults	13,748,000	14,977,000	14,844,000
Demand Deposits	391,495,000	403,391,000	392,966,000
Time Deposits	244,545,000	242,060,000	211,895,000
Borrowed from Federal Reserve Bank.....	14,127,000	11,921,000	6,310,000

The accompanying table shows totals for the principal items of condition reported by sixty-six member banks of the Fifth Federal reserve district on three dates, January 11, 1928, December 7, 1927, and January 12, 1927. These data afford an opportunity for comparing the latest available figures with those of the preceding month and the preceding year. It should be borne in mind, however, that the figures shown are not necessarily the highest or lowest that occurred during the periods compared, but reflect conditions on the report dates only.

Between December 7, 1927, and January 11, 1928, total loans and discounts for customers at the sixty-six reporting banks increased \$2,617,000 and investments in bonds and securities rose \$6,288,000. Time deposits rose during the month under review by \$2,485,000, but demand deposits declined \$11,896,000, a net decrease in total deposits of \$9,411,000. Cash in vaults declined \$1,229,000 between December 7th and January 11th, the banks needing less currency after the holiday shopping season. The reporting banks increased their borrowing at the reserve bank by \$2,206,000 during the month, and also increased their reserve deposits by \$591,000, merely a daily fluctuation.

A comparison of the January 11, 1928, figures with those of January 12, 1927, shows a larger use of bank credit this year. Total loans and discounts for customers were \$7,962,000 higher on the later date, and the sixty-six banks were in turn borrowing \$7,817,000 more from the reserve bank. Cash in vaults was \$1,096,000 less on January 11th this year than a year earlier, and demand deposits declined \$1,471,000 during the year. On the other hand, time deposits increased materially, gaining \$32,650,000, between January 1927 and January 1928, and investments in bonds and securities rose \$42,129,000 between the same dates.

RESERVE BANK OPERATIONS—Member banks increased their indebtedness at the Federal Reserve Bank of Richmond during the past month, the volume of rediscounts held by the Richmond bank rising from \$21,321,000 on December 15, 1927, to \$26,405,000 on January 15, 1928. The rise in rediscounts was chiefly due to an increased demand for accommodation from city banks. On the other hand, a reduction in Government security holdings and in paper purchased in the open market lowered the total earning assets of the Richmond reserve bank from \$84,128,000 on December 15th to \$80,228,000 on January 15th. The volume of Federal reserve notes in actual circulation followed the seasonal trend last month, rising from \$78,884,000 on December 15th to approximately \$83,000,000 a few days before Christmas, and then falling rapidly after the holidays to \$72,412,000 on January 15th. Member bank reserve deposits dropped from \$73,737,000 at the middle of December to \$73,176,000 at the middle of January. The several changes enumerated lowered the cash reserves of the Federal Reserve Bank of Richmond from \$77,852,000 on December 15th to \$70,523,000 on January 15th, and reduced the ratio of cash reserves to note and deposit liabilities combined from 50.55 per cent to 47.36 per cent between the same dates.

On January 15, 1927, member banks were borrowing \$21,860,000 from the Federal Reserve Bank of Richmond, compared with \$26,405,000 on the corresponding date this year, the increase being in rediscounts for city member banks. The circulation of Federal reserve notes, which stood at \$78,689,000 a year ago, was \$72,412,000 at the middle of January this year. The total earning assets of the Federal Reserve Bank of Richmond, which aggregated \$42,667,000 on January 15, 1927, were \$80,228,000 on January 15, 1928, the increase being composed chiefly of acceptances purchased in the open market and larger holdings of Government securities. Member banks raised their reserve deposits at the reserve bank from \$70,278,000 at the middle of January last year to \$73,176,000 on January 15th this year, increased deposits in member banks requiring higher reserves at the reserve bank. The cash reserves of the Federal Reserve Bank of Richmond were \$110,956,000 on January 15, 1927, but on January 15th this year they had declined to \$70,523,000. The ratio of cash reserves to note and deposit liabilities combined was 72.81 per cent at the middle of January last year and 47.36 per cent on the corresponding date this year.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FIVE WEEKS ENDED			ANNUAL TOTALS	
	Jan. 11, 1928	Dec. 7, 1927	Jan. 12, 1927	1927	1926
Asheville, N. C.....	\$ 35,308,000	\$ 32,762,000	\$ 43,074,000	\$ 410,047,000	\$ 437,969,000
Baltimore, Md.	517,392,000	482,895,000	545,471,000	5,051,802,000	5,204,952,000
Charleston, S. C.....	31,611,000	31,245,000	28,634,000	333,174,000	336,190,000
Charleston, W. Va.....	54,690,000	45,974,000	53,361,000	472,139,000	452,414,000
Charlotte, N. C.....	65,827,000	69,745,000	60,282,000	658,854,000	611,726,000
Columbia, S. C.....	29,953,000	27,543,000	23,080,000	280,914,000	229,122,000
Cumberland, Md.....	10,840,000	11,594,000	10,525,000	113,594,000	108,973,000
Danville, Va.	17,722,000	22,926,000	16,966,000	138,970,000	129,414,000
Durham, N. C.....	42,916,000	47,380,000	37,069,000	390,348,000	357,096,000
Greensboro, N. C.....	33,833,000	33,590,000	31,699,000	308,372,000	316,179,000
Greenville, S. C.....	33,446,000	36,825,000	25,221,000	303,219,000	271,799,000
Hagerstown, Md.....	13,927,000	12,128,000	12,981,000	131,092,000	129,678,000
Huntington, W. Va.....	29,699,000	28,107,000	33,348,000	300,723,000	314,473,000
Lynchburg, Va.	27,180,000	21,868,000	28,251,000	240,270,000	251,451,000
Newport News, Va.....	13,310,000	11,261,000	17,738,000	122,329,000	141,915,000
Norfolk, Va.....	86,519,000	95,141,000	100,566,000	898,253,000	950,512,000
Raleigh, N. C.....	35,085,000	29,020,000	33,364,000	296,740,000	312,931,000
Richmond, Va.	176,368,000	191,921,000	179,001,000	1,711,049,000	1,690,293,000
Roanoke, Va.	36,507,000	33,325,000	37,121,000	351,946,000	353,449,000
Spartanburg, S. C.....	19,668,000	19,626,000	18,285,000	176,659,000	173,046,000
Washington, D. C.....	294,207,000	279,271,000	293,619,000	2,939,412,000	2,929,590,000
Wilmington, N. C.....	23,451,000	21,766,000	23,902,000	235,614,000	254,931,000
Winston-Salem, N. C.....	56,843,000	52,274,000	47,172,000	526,682,000	471,285,000
District Total.....	\$1,686,302,000	\$1,638,187,000	\$1,700,730,000	\$16,392,202,000	\$16,429,388,000

The accompanying table shows debits to individual, firm and corporation accounts in the clearing house banks of twenty-three trade centers in the Fifth reserve district, three equal periods of five weeks being given to allow for comparison of the latest available figures with those of the preceding like period and the corresponding period last year. In addition, total debits are shown by cities and the district for the calendar years 1927 and 1926.

During the five weeks ended January 11, 1928, the twenty-three cities reported debits aggregating \$1,686,302,000, an increase of \$48,115,000, or 2.9 per cent, over the total of \$1,638,187,000 reported for the preceding five weeks, ended December 7, 1927. This increase was unusual, the period containing the dull business days between Christmas and New Year's generally showing lower figures than the preceding period, but very large annual payments around January 1st and a brisk retail trade just before the holidays more than balanced the smaller payments of the last week in December. Sixteen of the twenty-three cities reported higher figures for the period ended January 11th.

In comparison with debits aggregating \$1,700,730,000 during the five weeks ended January 12, 1927, the total of \$1,686,302,000 reported during the corresponding period this year shows a decline of \$14,428,000, or 8/10ths of 1 per cent, a not unfavorable comparison in view of the smaller amount of construction work under way in the Fifth district this year. A majority of the reporting cities showed higher totals for the period ended January 11, 1928, but some of the declines were large enough to pull the district total below that of the corresponding period in the preceding year. Fourteen cities reported higher and 9 reported lower figures for the later period. Several of the declines coincided with marked recessions in construction work, and a majority of the increases were reported by textile centers.

Aggregate debits in the twenty-three reporting cities for the year 1927 amounting to \$16,392,202,000 were \$37,186,000, or 2/10ths of 1 per cent, less than debits for the record year 1926, when \$16,429,388,000 were reported, but the 1927 figure was larger than for any other year. Twelve of the twenty-three cities reported larger figures for 1927 than for 1926, but again a few large decreases brought the 1927 total below that for 1926. Baltimore, Norfolk and Newport News reported the largest declines, while Charlotte, Columbia, Durham and Winston-Salem reported the largest increases in 1927 over 1926.

SAVINGS DEPOSITS—At the end of December 1927, thirteen mutual savings banks in Baltimore had aggregate deposits amounting to \$177,010,993, the highest figure on record, compared with deposits in the same banks totaling \$174,344,100 on November 30, 1927, and \$159,914,868 on December 31, 1926. Time deposits in sixty-six regularly reporting member banks, located in thirteen of the Fifth district cities, totaled \$244,545,000 on January 11th this year, compared with \$242,060,000 on December 7, 1927, and \$211,895,000 on January 12, 1927.

BUSINESS FAILURES—Business failures in the United States numbered 2,162 in December 1927, with liabilities totaling \$51,062,253, compared with 2,069 failures and liabilities of \$45,619,578

reported in December 1926. Failures during the entire year 1927 numbered 23,146, and the year's liabilities totaled approximately \$520,000,000, an increase over the 1926 totals of 6 per cent in number and 27 per cent in liabilities. Last year's insolvencies were the second highest number on record, being exceeded only by 23,676 insolvencies in 1922, but the 1927 liability record was exceeded in 1924, 1923, 1922 and 1921.

In the Fifth reserve district December 1927 witnessed 146 bankruptcies, with liabilities aggregating \$4,424,241, compared with 125 failures and liabilities totaling \$3,179,434 in December 1926. Failures during the year 1927 totaled 1,611, with liabilities amounting to \$41,835,046. The number of insolvencies in the Fifth district in 1927 was exceeded only by those of 1922, but last year's liabilities were lower than those of both 1922 and 1924.

LABOR—In contrast with conditions of a year ago, there is now quite a large amount of unemployment in the Fifth reserve district, particularly in the building trades and in unskilled labor circles connected with construction work. During the past month textile operatives have also had less steady employment than during the fall of 1927, although practically no textile workers have been thrown completely out of work. Coal miners in the Fifth district have also experienced some decrease in the volume of operations as a result of the virtual settlement of the bituminous strike of the past summer and fall. On the whole, labor conditions during recent weeks have show no material improvement, but neither have conditions grown appreciably worse. Prospects are moderately good for improvement in employment as soon as the severe winter weather is over, and probably the outlook for the coming year is rather better at the beginning of 1928 than it was at the beginning of 1927. At this time last year construction work was just beginning a really marked slump, but this year the bottom appears to have been reached, and indications seem to point to an expansion in operations in the early spring.

BUILDING OPERATIONS FOR THE MONTHS OF DECEMBER 1927 AND 1926.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease of Total Valuation	Per Cent of Increase or Decrease	No.
		New		Repairs		1927	1926	1927	1926			
		1927	1926	1927	1926							
1	Baltimore, Md.....	239	436	443	706	\$ 814,100	\$ 2,377,920	\$ 214,000	\$ 325,680	\$-1,675,500	- 62.0%	1
2	Cumberland, Md....	7	6	2	3	172,700	8,790	800	1,103	163,607	1,653.8	2
3	Frederick, Md.....	9	6	0	1	111,000	8,372	0	4,000	98,628	797.2	3
4	Hagerstown, Md....	14	12	1	2	23,955	6,860	250	800	16,545	216.0	4
5	Danville Va.....	7	4	5	7	32,370	1,605	603	10,380	20,988	175.1	5
6	Lynchburg, Va.....	11	21	17	18	56,490	36,750	5,521	5,963	19,298	45.2	6
7	Norfolk, Va.....	42	24	86	71	51,835	74,525	129,413	46,099	60,624	50.3	7
8	Petersburg, Va.	1	7	2	0	25,670	32,300	111	0	6,519	- 20.2	8
9	Richmond, Va.....	61	80	65	54	228,233	655,655	277,175	24,299	- 174,546	- 25.7	9
10	Roanoke, Va.....	46	44	13	13	122,939	180,410	2,380	2,660	- 57,751	- 31.5	10
11	Bluefield, W. Va...	5	2	1	1	23,160	350	300	25,000	- 1,890	- 7.5	11
12	Charleston, W. Va.	38	15	9	9	76,440	36,050	33,975	6,150	68,215	161.6	12
13	Clarksburg, W. Va	8	16	4	7	28,625	30,953	890	32,708	- 34,146	- 53.6	13
14	Huntington, W. Va.	21	31	2	4	19,050	49,027	2,100	4,100	- 31,977	- 60.2	14
15	Parkersburg, W. Va	19	19	5	3	46,950	97,150	4,800	1,150	- 46,550	- 47.4	15
16	Asheville, N. C.	20	22	26	51	266,745	261,136	11,595	21,000	- 3,796	- 1.3	16
17	Charlotte, N. C.	50	43	30	5	297,380	256,300	21,110	6,850	55,340	21.0	17
18	Durham, N. C.....	42	36	4	3	252,961	231,950	5,650	1,250	25,411	10.9	18
19	Greensboro, N. C. ...	31	32	34	38	122,650	154,090	46,900	41,992	- 26,532	- 13.5	19
20	High Point, N. C....	23	35	5	7	127,655	300,950	3,400	30,400	- 200,295	- 60.4	20
21	Raleigh, N. C.....	19	24	6	15	52,105	78,325	3,350	10,350	- 33,220	- 37.5	21
22	Salisbury, N. C.	8	11	3	5	31,060	40,750	225	3,800	- 13,265	- 29.8	22
23	Wilmington, N. C. ...	8	6	6	5	10,350	9,800	9,100	43,050	- 33,400	- 63.2	23
24	Winston-Salem, N. C.	62	70	58	35	258,955	151,225	18,952	98,610	28,072	11.2	24
25	Charleston, S. C. ...	8	15	13	15	15,190	6,480	7,065	4,065	11,710	111.0	25
26	Columbia, S. C.	21	14	63	27	184,800	47,550	22,040	1,155	158,135	324.7	26
27	Greenville, S. C.....	4	2	34	12	8,400	7,800	9,305	1,085	8,820	99.3	27
28	Spartanburg, S. C. ...	16	9	7	15	45,150	17,990	1,175	4,815	23,520	103.1	28
29	Washington, D. C. ...	218	210	265	264	1,769,345	2,628,600	238,035	217,740	- 838,960	- 29.5	29
	Totals.....	1,058	1,252	1,209	1,396	\$ 5,276,263	\$ 7,789,663	\$1,070,220	\$ 976,254	-\$ 2,419,434	- 27.6%	

— Denotes decrease.

NOTE—The figures in the above table reflect the amount of work provided for in the corporation limits of the several cities, but take no account of suburban developments.

As is usual at the end of the year, the volume of construction work provided for in permits issued in twenty-nine Fifth district cities in December was the smallest of the year, and for the sixteenth consecutive month fell below the volume of work provided for during the corresponding month of the preceding year. Permits for new construction numbered 1,058 in December, with estimated valuation of \$5,276,263, compared with 1,252 permits and estimated valuation of \$7,789,663

issued for new work in December 1926. Alteration and repair permits totaled 1,209 last month, estimated to cost \$1,070,220, compared with 1,396 permits to cost \$976,254 issued in December 1926 for the same class of work. Total valuation figures for all classes of work totaled \$6,346,483 in December 1927 and \$8,765,917 in December 1926, a decrease during the more recent period of \$2,419,434, or 27.6 per cent. Baltimore reported a decline of 62 per cent, Richmond a decline of 25.7 per cent, and Washington a decline of 29.5 per cent. Fourteen of the twenty-nine cities reported higher valuation figures last month than for the same month a year earlier, eight of them increasing more than 100 per cent, but except in Cumberland, Frederick and Columbia the large percentage gains were due to low figures in December 1926 rather than to unusually high figures for last month.

Totals for the entire year 1927 show decreases in both the number of permits issued for new work and in total valuation in comparison with 1926. The twenty-nine cities issued 19,256 permits for new work in 1927, compared with 21,763 permits issued in 1926, a loss of 11.5 per cent. Estimated valuation totaled \$113,813,707 in 1927, compared with \$170,436,136 in 1926, a drop of 33.2 per cent.

The F. W. Dodge Corporation reports contracts actually awarded in the Fifth reserve district totaling \$37,226,016 in December 1927, of which \$11,694,193 represented residential construction. During the year 1927 contract awards in the Fifth district totaled \$409,160,000. This figure, which is approximately three and a half times the amount of new construction work provided for in permits issued in the twenty-nine largest cities of the district, indicates clearly the large volume of industrial work done in the district in rural sections or in small towns and villages, as for example in the textile villages in the Carolinas.

COAL—Bituminous coal production in the United States in December totaled approximately 41,277,000 net tons, compared with 40,628,000 tons mined in November 1927 and 57,671,000 tons in December 1926. Production in West Virginia dropped slightly below that of Pennsylvania in December. Total production of soft coal in the entire country during 1927 amounted to 519,804,000 net tons, compared with 578,290,000 tons mined in 1926, the decline being due to much smaller exports in 1927 and to lessened activity in coal consuming industries, especially the steel and automobile industries.

TEXTILES—Fifth district textile mills have curtailed operations considerably since the end of November. Most of the mills shut down for a week or ten days at Christmas, and after the holidays a large number of plants resumed work on a four and a half day basis, closing down from Friday noon to Monday morning. The restriction in operating time followed a decline in forward orders as cotton prices fluctuated during December and the first half of January. With a narrow margin of profit and an uncertain raw material market, the mills are making up yarns and cloth on orders only, and are accumulating very little stock in their warehouses. Fifth district mills consumed 237,325 bales of cotton in December 1927, of which North Carolina mills used 125,252 bales, South Carolina mills 102,658 bales, and Virginia mills, 9,415 bales. In December 1926 the three states consumed 254,102 bales. During the calendar year 1927, the three textile manufacturing states in the Fifth district consumed 3,129,483 bales of lint cotton, compared with 2,768,596 bales consumed in 1926, an increase last year of 360,837 bales, or 13 per cent. Cotton consumption in the district in 1927 exceeded the number of bales grown during that year in the district by a million and a half bales, total consumption being approximately double the yield of cotton in Virginia and the Carolinas.

COTTON—The cotton market was unsettled during most of December and the first half of January, and prices fluctuated through a range of about a cent a pound. In our *Review* last month we traced spot cotton prices on Carolina markets through the week ended December 17th, when the average price was 18.42 cents per pound. The following two weeks witnessed higher averages, the price rising to 19.09 cents on December 24th and 19.37 cents on December 31st, but during the week ended January 7th the average price declined to 19.20 cents and continued downward to an average of 18.99 cents during the week ended January 14th, the latest period for which figures are now available.

Cotton consumed in American mills during December totaled 543,598 bales, compared with 625,680 bales used in November 1927 and 602,986 bales in December 1926. Total consumption for the present cotton year—August 1st through December 31st—totaled 3,042,968 bales, in comparison with 2,825,916 bales used during the corresponding five months of 1926. According to the *Census Bureau's* January 13th report, cotton on hand in consuming establishments amounted to 1,707,326 bales on December 31, 1927, compared with 1,551,336 bales on November 30th and 1,763,739 bales on December 31st a year ago. Warehouses and compresses held 5,655,736 bales at the end of December, 5,969,418 bales at the end of November, and 6,548,257 bales at the end of December 1926. December imports totaled 41,211 bales, compared with 28,845 bales imported in November and 39,851 bales in December a year ago. Exports in December totaled 767,314 bales, compared with 999,501 bales sent abroad in November and 1,531,297 bales in December 1926. Total exports during the five months of the present cotton year totaled 3,864,676 bales, compared with 5,573,220 bales exported during the last five months of 1926. Active spindles numbered 31,715,388 in December 1927, compared with 32,269,478 in November 1927 and 32,489,570 in December 1926. Cotton consumption in the cotton growing

states totaled 406,710 bales in December, compared with 468,596 bales used in November and 438,511 bales in December 1926.

TOBACCO—VIRGINIA leaf tobacco sales during the month of December totaled 25,224,934 pounds, compared with 40,119,836 pounds sold in November, and brought the total sales for this season up to 91,393,677 pounds, which is approximately 64 per cent of the estimated production for the year. The average price of flue-cured, or Bright, tobacco was \$20.80 per hundred pounds in December, compared with \$24.19 in November 1927 and \$23.86 in December 1926. Fire-cured, or Dark, tobacco brought an average of \$9.73 in December, compared with \$7.72 for this type in December a year ago. Sun-cured tobacco prices rose in December from those of November, and the December average of \$11.78 per hundred pounds was materially above the average of \$9.77 paid in December 1926 for the same type. Danville sold 8,515,753 pounds of Bright tobacco in December for an average of \$21.81 per hundred pounds, leading the state markets in both number of pounds and in price paid. Lynchburg led the Dark markets, selling 1,479,347 pounds, but in price several markets averaged higher. Richmond sold 1,228,890 pounds of Sun-cured for \$11.78 per hundred, and Abingdon sold 979,574 pounds of Burley for an average of \$19.39 per hundred.

NORTH CAROLINA auction warehouses sold 46,625,686 pounds of producers' tobacco in December, at an average price of \$21.73 per hundred, compared with 45,213,494 pounds sold in December 1926 at an average of \$23.67 per hundred. Season sales to December 31st totaled 432,521,774 pounds, compared with 340,672,271 pounds sold by the auction markets to December 31, 1926. Winston-Salem led the North Carolina markets in sales in December with 8,273,834 pounds, Wilson with sales of 5,994,166 pounds ranking second, but Carthage with an average of \$26.84 and Mebane with \$26.52 per hundred pounds ranked first and second in price.

AGRICULTURAL NOTES—The weather was favorable for farm work in December, but around the end of the year a cold wave did some damage to truck and grain crops in the lower part of the Fifth district. The extreme cold probably killed many boll weevils, however, which may compensate for the damage done to truck and small grains. Tobacco growers have marketed their crop earlier than usual this year, due to dry roads and absence of snow. The weather during the entire fall was favorable for winding up the year's farming operations, and many crops yielded better than had been expected earlier in the season.

In order that our readers may have some comparative production figures for the leading crops in the states comprising the Fifth Federal reserve district, we are including a table showing yields for the past two years in each of the several states. The figures were obtained from official sources, and are final estimates.

Crops	Yrs.	Maryland	W. Virginia	Virginia	N. Carolina	S. Carolina
Corn (bus.)	1927	22,660,000	15,109,000	47,967,000	53,626,000	25,449,000
	1926	22,049,000	16,005,000	46,585,000	52,272,000	22,103,000
Cotton (bales)	1927	-----	-----	32,000	857,000	735,000
	1926	-----	-----	51,000	1,213,000	1,008,000
Tobacco (lbs.)	1927	26,176,000	6,000,000	129,940,000	468,000,000	75,920,000
	1926	26,040,000	8,500,000	137,032,000	386,460,000	56,780,000
I. Potatoes (bus.)	1927	5,246,000	5,989,000	19,760,000	7,368,000	3,034,000
	1926	3,510,000	4,982,000	11,656,000	6,325,000	3,219,000
S. Potatoes (bus.)	1927	1,584,000	330,000	5,805,000	10,146,000	5,300,000
	1926	1,815,000	330,000	5,375,000	7,560,000	3,760,000
Oats (bus.)	1927	1,708,000	5,421,000	3,999,000	5,733,000	10,327,000
	1926	1,706,000	5,796,000	4,836,000	6,820,000	10,483,000
Wheat (bus.)	1927	9,188,000	1,796,000	8,381,000	5,168,000	880,000
	1926	11,960,000	2,352,000	11,336,000	6,303,000	800,000
Hay (tons)	1927	728,000	1,266,000	1,469,000	902,000	358,000
	1926	521,000	1,036,000	992,000	733,000	201,000
Peanuts (lbs.)	1927	-----	-----	123,120,000	210,367,000	8,525,000
	1926	-----	-----	136,620,000	185,400,000	5,400,000
Apples (bus.)	1927	1,700,000	5,200,000	6,000,000	1,825,000	363,000
	1926	3,500,000	10,875,000	19,902,000	5,986,000	647,000
Apples (bbls.) (Commercial crop)	1927	400,000	1,400,000	1,500,000	91,000	-----
	1926	600,000	1,700,000	3,384,000	345,000	-----
Sorghum Syrup (gals.)	1927	-----	712,000	920,000	2,484,000	1,846,000
	1926	-----	776,000	1,200,000	2,730,000	1,694,000

FIGURES ON RETAIL TRADE

As Indicated By Reports from Twenty-Nine Representative Department Stores for the Month of December 1927

Retail trade in December, as reflected in department store sales, was fully up to seasonal average, increasing 57 per cent over November sales and also averaging 8.6 per cent above average December sales by the same stores during the three years 1923-1925, inclusive. Sales in December

fell 3/10ths of 1 per cent below the sales of December 1926, however, and total sales in the calendar year 1927 were 1.8 per cent below the record sales of 1926. Sales in Richmond in 1927 exceeded

Percentage increase in December 1927 sales over sales in December 1926:					
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>	
— 2.6	2.6	1.2	— .5	— .3	
Percentage increase in total sales during 1927 over total sales in 1926:					
— 3.5	2.1	— 1.1	— 1.3	— 1.8	
Percentage increase in December sales over December sales during the three years 1923-1925, inclusive:					
2.5	20.3	13.4	5.2	8.6	
Percentage increase in stock on hand December 31, 1927, over stock on December 31, 1926:					
— .9	— 1.3	1.0	9.1	.9	
Percentage increase in stock on hand December 31, 1927, over stock on November 30, 1927:					
—18.1	—20.3	—21.6	—24.2	—20.4	
Percentage of sales in December 1927 to average stock carried during that month:					
46.1	53.1	52.9	38.7	48.5	
Percentage of total sales during 1927 to average stock carried each month:					
331.3	350.8	351.4	268.9	333.0	
Percentage of outstanding orders on December 31st to total purchases of goods in 1926:					
3.6	2.2	3.5	2.0	3.3	
Percentage of collections in December to total accounts receivable on December 1st:					
25.2	31.4	31.0	31.7	28.6	

— Denotes decreased percentage.

sales in 1926 by 2.1 per cent, but sales in Baltimore, Washington and the Other Cities were smaller.

Stocks on hand at the end of December 1927 were 9/10ths of 1 per cent larger than stocks at the end of 1926, but were 20.4 per cent smaller than at the end of November 1927. Sales during December amounted to 48.5 per cent of average stock carried during the month, and total sales during the calendar year 1927 were 333.0 per cent of average stock on the shelves at the end of each of the twelve months. This figure indicates an average turnover during the year of 3.33 times, the stores in Washington leading with approximately 3.51 times.

Outstanding orders at the end of 1927 totaled 3.3 per cent of total purchases of merchandise during 1926, and collections during December equaled 28.6 per cent of total receivables outstanding on December 1st, a slightly higher figure than 28.1 per cent of receivables collected in December 1926.

WHOLESALE TRADE, DECEMBER 1927

Percentage increase in December 1927 sales, over sales in December 1926:					
<i>31 Groceries</i>	<i>11 Dry Goods</i>	<i>5 Shoes</i>	<i>16 Hardware</i>	<i>4 Furniture</i>	<i>13 Drugs</i>
— 3.6	— 6.4	— 3.4	— 6.6	—21.8	— 2.6
Percentage increase in December 1927 sales, over sales in November 1927:					
—14.1	—37.0	—41.2	—11.7	—19.7	—10.7
Percentage increase in total sales during the year 1927, compared with sales in 1926:					
— 4.9	— 2.4	1.6	1.5	—10.8	— .5
Percentage increase in stock on December 31, 1927, over stock on December 31, 1926:					
— 5.0(13)*	15.0(5)*	—37.1(4)*	— 1.3(8)*
Percentage increase in stock on December 31, 1927, over stock on November 30, 1927:					
—10.1(10)*	— 2.5(4)*	—10.7(4)*	1.1(8)*
Percentage of collections in December to accounts receivable on December 1, 1927:					
68.8(18)*	36.3(8)*	40.1(5)*	40.6(12)*	24.0(2)*	52.5(8)*

— Denotes decreased percentage.

* Number of reporting firms.

Wholesale trade in the Fifth Federal reserve district in December, as indicated by reports from eighty firms in six lines, was in smaller volume in every line than in either November 1927 or December 1926. The decrease in December sales under those of November was seasonal, but the decline in comparison with December 1926 sales shows an actual decrease in business. Total sales for the year 1927 were also smaller in every line reported upon except shoes and hardware, which gained 1.6 per cent and 1.5 per cent, respectively.

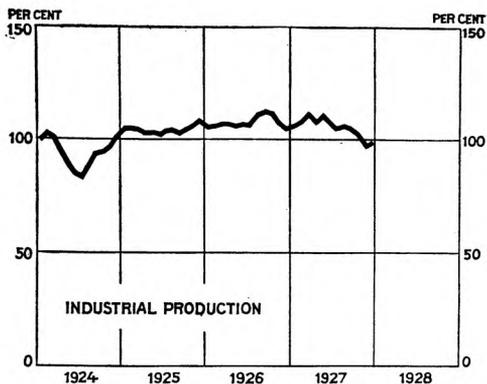
Grocery, dry goods and shoe stocks declined in December, while stocks of hardware increased. At the end of the year stocks in three of the four lines for which information was available were less than stocks on hand December 31, 1926.

Collections in December were better than in November in groceries, dry goods, shoes and drugs, but were slower in furniture and hardware. In comparison with collections in December 1926, those of December 1927 were better in groceries and shoes, but dry goods, hardware, furniture and drug collections compared unfavorably with those of the corresponding month of the preceding year.

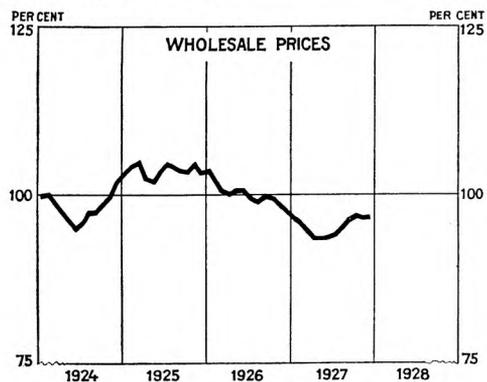
(Compiled January 20, 1928)

BUSINESS CONDITIONS IN THE UNITED STATES

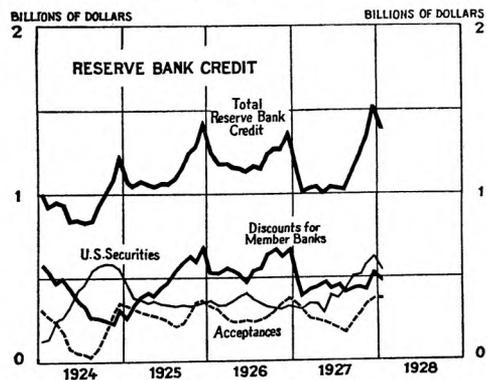
(Compiled by the Federal Reserve Board)



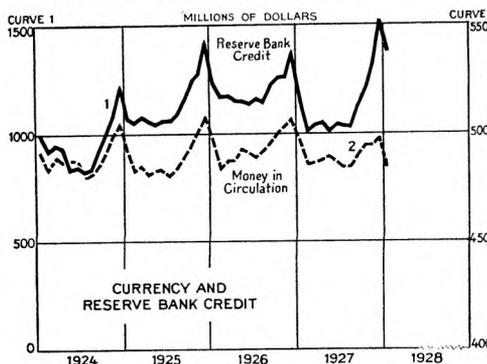
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100). Latest figure, December 99.



Index of United States Bureau of Labor Statistics (1926 = 100, base adopted by Bureau). Latest figure, December 96.8.



Monthly averages of daily figures for 12 Federal Reserve banks. Latest figures are averages of first 23 days in January.



Money in circulation data are averages of first-of-month figures and Reserve bank credit data are monthly averages of daily figures. Latest figures, January.

Industrial activity continued in December at a relatively low level and railroad distribution of commodities declined further, while the general level of prices remained unchanged. Holiday trade at retail stores was in somewhat larger volume than in the previous year.

PRODUCTION. Production of manufactures remained in practically the same volume in December as in November, while output of minerals, when allowance is made for usual seasonal changes, showed a slight increase. Activity in the textile, shoe and tobacco industries was reduced in December, while the output of steel, non-ferrous metals, and petroleum increased. Production of automobiles continued in small volume during December, but increased considerably in January, and within recent weeks there has been also a further increase in the activity of steel mills. Building contract awards were slightly larger in December than in November, but smaller than in December of the two preceding years. Total awards for the year 1927 in 37 Eastern states, as reported by the F. W. Dodge Corporation, were valued at about \$6,300,000,000, which is slightly less than the 1926 total of \$6,380,000,000. December awards for residential and commercial buildings were larger than in December 1926, while those for industrial buildings and public works were smaller. During the first three weeks of January contract awards were in approximately the same volume as during the corresponding weeks of last year.

TRADE. Retail sales of department stores and mail order houses increased slightly more than is usual in December and were somewhat larger than a year ago. Inventories of merchandise carried by department stores were reduced in December and at the end of the year were slightly smaller than at the end of 1926. Wholesale trade in nine leading lines continued smaller than in the corresponding months of last year. Stocks of groceries, shoes, hardware and furniture carried by wholesale firms were smaller at the end of December than a year earlier and stocks of dry goods and drugs were slightly larger. Freight car loadings declined further in December and were in smaller volume during that month and in the early part of January than at any time in four years. The decrease in loadings occurred in practically all groups of commodities.

PRICES. The Bureau of Labor Statistics index of wholesale commodity prices remained practically unchanged in December and was at the end of the year about 1 per cent lower than a year ago. Prices of grains, hides and leather products, non-ferrous metals, and rubber increased in December, while prices of livestock, cotton and lumber declined. In the first three weeks of January there were increases in prices of iron and steel, grains, and wool, while prices of cattle, hogs and cotton declined.

BANK CREDIT. At the Reserve banks the seasonal demand for currency, after reaching its peak on December 24th, was followed by a return flow of money from circulation, which amounted to about \$440,000,000 between December 24th and January 18th. This decline in the demand for currency, which was approximately the same as a year ago, was reflected in a decrease for the same period of about \$360,000,000 in bills and securities of the Reserve banks. Loans and investments of member banks in leading cities declined during the first half of January but were still at a higher level than at any time last year. The decline of about \$200,000,000 between January 4th and January 18th reflected a decrease of about \$280,000,000 in the volume of loans on securities, offset in part by a considerable increase in the banks' investment holdings. Call loan rates showed the usual seasonal decline at the turn of the year but other money rates were slightly firmer. The rate on bankers' acceptances increased during the second week of January from 3 1/4 to 3 3/8 per cent and there was also a slight advance in rates on time money in the open market.